

**COMPETITION COMMISSION  
UNITED KINGDOM GROCERIES MARKET INVESTIGATION**

**COMMENTS BY  
THE GENERAL CONSUMER COUNCIL  
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## **1. INTRODUCTION**

### *About the Consumer Council*

1.1 The General Consumer Council for Northern Ireland (the Consumer Council) is a statutory body set up under the 1984 General Consumer Council (Northern Ireland) Order with a duty to promote and safeguard the interests of consumers. In addition to this general remit the Consumer Council has specific responsibilities in relation to food.

1.2 The Consumer Council welcomes the opportunity to respond to the Competition Commission's Groceries Market Investigation.

### *The role of consumers*

1.3 Consumers have a central role to play within the social, environmental and economic framework locally, nationally and internationally. The importance of consumers and the need to have regard to their interests is widely recognised by Government and within society as a whole. As a result consumers are now an integral part of the formulation and implementation of all key public policies and strategies. In Northern Ireland this currently includes the Programme for Government, The Northern Ireland Consumer Strategy, and the Economic Vision for Northern Ireland.

### *The consumers' interest*

1.4 In identifying and defining how the interests of consumers may be affected the Consumer Council has regard to the following consumer principles. Many of these have particular relevance to the current Groceries Market Investigation and to those issues identified by the Competition Commission in its Statement of Issues.

- **Access:** Consumers should have access to the goods and services they need or want.
- **Choice:** There should be choice in the marketplace so that, through their own decisions, consumers can affect the way goods and services are provided.
- **Information:** There should be clear reliable information to help consumers make the best choices for themselves.
- **Redress:** If something goes wrong, there should be an effective system for putting it right.
- **Safety:** Goods or services should not pose a danger to the health or welfare of consumers.
- **Fairness (Equity):** Consumers should not be subject to arbitrary distinctions either as individuals or groups.

- **Representation:** Consumers have a right to be heard especially in situations where they cannot influence the supply of goods or services through their own decisions.

*Acronyms and terms used*

1.5 The following acronyms and terms have been used throughout the text.

CC Competition Commission  
OFT Office of Fair Trading  
GCC General Consumer Council  
UK United Kingdom  
NI Northern Ireland

'The Investigation'	Means the current Groceries Market Investigation by the CC.
'Referral report'	Means the 'Grocery Market Report' containing the OFT's Reasons for Making a Reference to the Competition Commission', May 2006.
'The Consumer Council'	Means the General Consumer Council

## **2. EXECUTIVE SUMMARY**

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### *Data limitations*

2.1 The UK Retail Grocery Market in its entirety embraces a large number of diverse and complex issues and relationships. An authoritative response to the Investigation would therefore require an intimate knowledge of the Retail Grocery and Associated Markets both Nationally and Regionally. It would also require access to commercially sensitive information.

2.2 The Consumer Council does not have access to this level of detailed market information and has therefore focussed its comments mainly on matters of principle concerning those issues which it feels are of most relevance to the interests of consumers

2.3 More generally, it is the Consumer Council's view that consideration of many of the issues related to the Investigation would be greatly enhanced and informed by more dedicated and up-to-date data. This is particularly true in relation to consumer attitudes and behaviour. The Consumer Council recommends that a comprehensive and dedicated UK-wide consumer survey should be undertaken for this purpose.

### *Market evolution*

2.4 In recent years significant changes have taken place in grocery retailing. Some of these are in response to lifestyle changes or changing consumer tastes and preferences. Others have been the result of supply chain economics or actions by retailers themselves seeking competitive advantage or increased market share.

2.5 Many of the changes that have taken place have been, on balance, beneficial for consumers *"the evidence suggests that consumers have benefited in recent years from falling prices, an increase in product range within stores, and an apparent improvement in service"* [OFT]. The Consumer Council wishes to see this trend continue.

2.6 Interventions or remedial actions should only be considered, therefore, where evidence clearly exists that market abuse, to the detriment of consumers, is actually taking place or where there is a clear probability that consumer detriment would result in future.

2.7 While consumers have benefited the Consumer Council also acknowledges that this may have resulted in negative effects on other participants in the supply chain including, in particular, smaller suppliers and retailers.

*The consumers interest*

2.8 The interests of consumers will continue to be best served by the maintenance and ongoing development of a modern, dynamic, innovative, responsive and competitive marketplace for groceries.

2.9 Consumers, today and in the future, will wish to have access to the widest possible range of shopping formats and facilities providing them with the widest possible choice of quality products at affordable prices.

*Market relationships*

2.10 The operation of the 'supply chain' for groceries comprises a vast spectrum of commercial relationships and interactions embracing primary producers, processors and manufacturers, wholesalers, distributors and retailers.

2.11 Because of these inter-relationships any anti-competitive behaviour in one part of the supply-chain, whether by retailers, suppliers or other participants has the potential to impact elsewhere in the supply-chain.

2.12 A key question for the Investigation will be to decide which current features of the supply-chain are anti-competitive and whether current trends and developments in market behaviour are likely to lead to market abuse in future.

*Imbalances within the supply-chain*

2.13 In relation to size and scale there is always likely to be a degree of imbalance between participants within the supply chain. At different times and for different reasons some suppliers and retailers will inevitably find themselves at a competitive disadvantage relative to their market rivals.

*Market interaction or market abuse*

2.14 For the purposes of the Investigation a distinction needs to be made between those commercial activities and practices which are part of a normal dynamic, innovative and competitive grocery market and those which amount to an abuse or exploitation of a market position.

*Market Definition*

2.15 Trends in modern retailing and associated trading practices have meant that many of the traditional boundaries between markets have become blurred or have disappeared altogether. Increasingly, many outlets combine the sale of groceries with the sale of other non-grocery products and services.

2.16 In terms of market definition it is therefore difficult to segregate the supply of 'groceries' from the supply of other non-grocery goods and services. This represents a significant progression towards market integration.

2.17 Given this trend towards multi-trading and market integration it is not clear to the Consumer Council how, for the purposes of the Investigation, the market for groceries can be sufficiently segregated from other associated non-grocery markets.

2.18 Because those grocery retailers able to provide a multi-trading format are likely to gain a competitive advantage over those unable to do so the overall competitive effect on the grocery market overlaps with other non-grocery markets.

2.19 The Consumer Council therefore recommends that, as far as market definition is concerned, the Investigation should not be restricted to such a narrow interpretation of the grocery market as would prevent it from taking into consideration all of the associated market characteristics which have become a feature of modern retailing.

*'Geographic' definition of the market*

2.20 The Consumer Council agrees in broad terms with the CC's 2002 conclusion that *"consumers search for groceries is essentially local"*. However, several factors are likely to have an increasing impact on this in future.

2.21 The ability to purchase 'on-line' has meant that consumers are no longer constrained to the extent that they once were in terms of having to buy locally.

2.22 On the supply-side the progressive dismantling of trade barriers and a corresponding increase in global trading means that many products, including groceries, are now being sourced internationally. Evidence of this can be seen from the increasing numbers and varieties of products of foreign origin now available on supermarket shelves.

*Other aspects of geographic market definition*

2.23 Regional variations have been observed in the pricing of grocery products by supermarkets.

2.24 These might be legitimately explained by differences in production, distribution, or other regional cost anomalies. It is also likely that some supermarkets, in order to maintain a competitive market position, would permit some regional price variation depending on the levels of competition in the area.

2.25 Subject to the above the Consumer Council is opposed, in principle, to any form of retailer pricing behaviour which is anti-competitive. This would include the arbitrary pricing of grocery products based on ability to exploit a local or dominant market position. This would amount, in practice, to a form of geographical or regional price discrimination.

### *Market Concentration*

2.26 The Consumer Council agrees that the market for groceries has become more concentrated in recent years in favour of the larger retailers mainly at the expense of the smaller independent outlets. Current trends in market behaviour would point towards even greater market concentration in future.

2.27 Many of the issues surrounding market concentration have focussed on the large supermarkets. To some extent this has obscured the potential which also exists for smaller supermarkets and symbol stores to enjoy an equally dominant market position at local level.

2.28 Any consideration of market concentration should also take into account the growing number of outlets now affiliated to symbol groups or other buying syndicates. The combined power of these buying groups, as reflected in the market share of the symbol stores, may also represent a significant degree of local market power and concentration. This is especially true in areas where the larger multiples don't have a competitive presence.

2.29 Unlike other parts of the UK, the development of the retail grocery market in Northern Ireland has been more recent and instant. Current market positions have been secured mainly by way of instant 'take-over' and 'acquisition' rather than by the more gradual competitive processes of market penetration.

2.30 A UK-wide 'market mapping' exercise is necessary to provide a more comprehensive picture of market concentration than is currently available. This would seek to identify not only market share but also a 'geographic' market profile in terms of the market presence of the various retailers.

2.31 Again it will be necessary to make a distinction between market concentration which is the result of the operation of 'normal' competitive market forces and that which is the result of anti-competitive behaviour or practices.

2.32 While it is not in a position to reach any conclusion on this it is the Consumer Council's view, in general, that where market power is highly concentrated then greater opportunities will exist for market exploitation in ways which have the potential to result in consumer detriment.

### *Other aspects of competition in the market*

2.33 Concerns have been expressed about 'price flexing', 'below-cost selling' and also the practices of the larger multiples in relation to site purchase and the accumulation of land banks or holdings.

2.34 Without access to the trading policies and strategies of the major multiples it is only possible to speculate as to the motivation behind many of these activities. Some may be legitimate and a normal competitive response to the behaviour of competitors. Others may be deliberately intended to

frustrate or distort competition through the abuse of a dominant market position.

2.35 As with many of the other issues highlighted, a major issue for the Investigation will be to distinguish retailer behaviour which might normally be associated with an efficient and competitive market place from that which is deliberately anti-competitive or which has the potential for market distortion in future.

2.36 Effective competition in the market place continues to be a fundamental consumer protection. The Consumer Council is therefore opposed to all forms of anti-competitive behaviour within the supply-chain irrespective of what form this takes and by whom.

*Planning, land use and other barriers to entry*

2.37 The Consumer Council supports the need for planning and other guidelines. These are necessary for the orderly development and maintenance of both the natural and built environments.

2.38 The Consumer Council notes, however, the broad conclusion reached by the OFT that “*there are reasonable grounds for suspecting that aspects of the planning regime, and the issues around land holdings ... are features that prevent, restrict or distort competition ...*” [OFT Referral Report, Para 7.32, Page 67].

2.39 Planning policies are, however, but one part of a much larger policy framework aimed at a range of community-wide economic, social and cultural objectives. While not directly related to retailing some of these could have significant ‘knock-on’ implications for retail planning policy and, in turn, for retail competition. Policies aimed at reducing private car journeys for example will impact directly on where people do their main shopping.

2.40 Conflict could therefore arise in future where other desirable public policy objectives interface with ‘competition’ objectives in the form of a fully competitive and efficient market place. In some cases the latter, in terms of the greater public good, may be considered to be of secondary importance.

2.41 For the purposes of the Investigation, therefore, consideration also needs to be given as to how a future competitive and efficient market place for groceries can be accommodated, not just within the retail planning regime, but in the context of other social objectives and policies as well.

2.42 Nevertheless, the Consumer Council believes that the interests of consumers will continue to be best served by retail planning policies which are able to sustain a modern, dynamic, innovative and competitive retailing environment; one which consumers both now and in the future will demand and expect.

### **3. THE INVESTIGATION**

3.1 This section contains some preliminary comments on the nature and scope of the Investigation including those matters that limit the Consumer Council's ability to respond in detail to some of the issues raised by the CC.

#### *Complexity*

3.2 The UK Retail Grocery Market involves a large number of diverse, complex, and interrelated issues including such supply-chain features as Market Definition, Market Concentration and Other Competition Issues. Information is also sought on consumer behaviour and changes over time. An authoritative response to these would require an intimate knowledge of the Retail Grocery [and associated] Markets both Nationally and Regionally. It would also require access to a wide range of detailed and commercially sensitive information on the trading practices, policies and business intentions of all of the market participants throughout the entire supply chain.

3.3 The Consumer Council does not have access to this level of information nor has it undertaken any detailed research in these areas. While some relevant data are available these are mainly from secondary sources and have been collected for other purposes unconnected with the present Grocery Market Investigation. For that reason their usefulness is likely to be limited.

3.4 Within these limitations the Consumer Council has sought to focus its comments mainly on matters of general principle falling within the scope of the Investigation and on those issues which are of most relevance to the interests of consumers [as opposed to other participants in the supply chain]. In doing so we have attempted to highlight how we consider the interests of consumers are, or could be, affected and on identifying any potential benefit, or detriment, that arises now or might do so in future.

#### *The information gap*

3.5 For the above reasons it is the Consumer Council's view that consideration of many of the issues raised by the CC would be greatly enhanced and informed by the availability of more dedicated and up-to-date data. Assuming it has not done so already, or is not planning such an approach, the Consumer Council recommends that the CC should undertake a comprehensive and dedicated UK-wide consumer survey focussing more exclusively on the issues already identified. We believe such a survey to be a necessary and integral part of the Investigation.

3.6 The survey should be profiled in such a way as will enable regional comparisons and variations to be identified and assessed. There is precedent for such an approach in that the recent CC Banking Enquiry into the operation of the Personal Current Account market in Northern Ireland was informed by a number of such surveys commissioned by the CC.

3.7 A few of the areas where we feel more up-to-date information is necessary include;

*(a) In relation to consumer attitudes and behaviour;*

- The pattern of consumer demand for groceries and how this has changed;
- Consumer shopping behaviour and how this has changed;
- Consumers' practice and understanding of 'local' shopping;
- Extent of 'choice' of outlets in local areas;
- Reasons for choosing a particular shopping location;
- Shopping location: preferences by product;
- Concerns and/or attitudes to competition issues surrounding supermarkets and smaller outlets;
- Incidence of shopping 'on-line';
- Overall satisfaction/dissatisfaction with grocery shopping;

*(b) In relation to other competition-related issues*

- The emergence of identifiable shopping patterns and trends;
- Product availability and price: regional variations;
- Regional market share currently held by the various retailers, groups and independents;
- Geographical market presence and market concentration;

3.8 Our concern is that, in the absence of more concrete and specific data and information on these and other aspects of the retail grocery market, it is only possible to speculate and to draw conclusions which may or may not be wholly valid.

*Available material*

3.9 Where the Consumer Council has access to any existing data or information this has been appended in the form of extracts and summaries mostly taken from other reports or studies.

## 4. GROCERY MARKET EVOLUTION

4.1 This section contains comments on some of the changes that have taken place in grocery retailing in recent years and their impact on consumers in general.

### *Market evolution*

4.2 In recent years a variety of evolutionary changes have taken place which have impacted in different ways on the marketplace. Some of these may be said to be 'externally' driven in that the change has occurred as a response to changes in society generally or specific changes in consumer tastes or preferences. Other changes have been 'internally' driven through market participants actively seeking improved efficiencies or increased market share. Examples of some of these changes are outlined below.

4.3 Greater health consciousness has increased the demand for healthier eating options. Lifestyle changes, changes in eating habits and changes in work patterns have introduced new markets for convenience-style foods and products. The emergence of the Internet and the ability to buy on-line has given consumers instant and world-wide access to an ever expanding range of products and services. All of these developments have immense implications for the ways in which grocery markets will operate in future.

4.4 Significant changes have also taken place in relation to the nature and composition of the retailing estate. Many of the smaller grocery shops and outlets have been replaced by larger superstores and supermarkets. A significant proportion of grocery [and other] retailing space has relocated away from traditional city and town centres to edge-of town and out-of-town shopping malls and retail parks. Ongoing product development and innovation mean that consumers now have access to a greater than ever range of food and grocery products. Access has been enhanced even further by global trading, EU enlargement and the opportunities for inter-European trade in grocery and other products.

4.5 Evolutionary change has, however, always been a characteristic of the market place. It is reasonable to assume, therefore, that ongoing change, whether driven by market innovation, technology or lifestyle changes, will continue to occur. Many of the changes that have taken place to date have, in the Consumer Council's opinion and looked at from a strictly consumer point of view, been largely beneficial [see choice, access and price below]. This is not to say however that detriment may not emerge in future as a longer-term consequence.

### *Future impact*

4.6 Against this background of continuous market change the Consumer Council believes that only following the Investigation can any conclusion be arrived at as to if, and in what way, the present direction and scale of grocery

market evolution has the potential to cause present or future market distortion and ultimately consumer detriment.

#### *Choice, access and price*

4.7 As mentioned earlier the evolutionary-style changes that have taken place in grocery retailing mean that consumers now have access to a wide range of shops and a mixture of shopping formats. They also have access to a variety of shopping locations ranging from large shopping malls and retail parks to more dedicated specialist high-street outlets. The choice and variety of products on offer is perhaps more than at any time in the past. Grocery prices have fallen in real terms by 7.3 per cent between January 2000 and December 2005 [OFT Referral Report para 4.2, Page 24].

4.8 In terms of convenience, access, choice, variety, quality and price it can reasonably be argued that, on balance, the changes that have occurred have been beneficial for consumers. In this respect the Consumer Council is broadly in agreement with the OFT's conclusion that "Overall, the evidence suggests that consumers have benefited in recent years from falling prices, an increase in product range within stores, and an apparent improvement in service" [OFT Referral Report, Executive Summary, Page 1].

#### *Other supply chain effects*

4.9 The Consumer Council acknowledges, however, that, while the changes that have taken place have been largely beneficial to consumers, other participants in the supply chain may have been adversely affected. Primary food producers and food manufacturers, for example, have argued that these benefits have been at their expense and have resulted in reduced margins, profitability and ultimately industry viability. Many smaller retailers have exited the marketplace as a result of the shift in market share in favour of the larger multiples and supermarket chains. Again this has been highlighted by the OFT in that "these benefits may have been at the expense of choice of store at local level" [OFT Referral Report, Executive Summary, Page 1].

4.10 However, the Consumer Council accepts that it cannot automatically be assumed that, while consumers have benefited from current retailing trends and practices in the past, that future detriment could not result in the longer term. This could happen through the abuse of a current market position by key participants or through future anti-competitive behaviour or practices at any point within the overall supply chain. The latter is more difficult to assess in that it involves, to some extent at least, predicting future market behaviour or anticipating the future actions of the key market participants. Again we believe that any satisfactory conclusions in relation to these issues can only follow the outcome of the Investigation.

#### *Protecting the consumers' interest*

4.11 Because the way in which grocery retailing has evolved to date has been largely beneficial to consumers the Consumer Council would wish to see

that process continuing. For that reason the Consumer Council would not wish to see a situation where the competitive dynamics of the marketplace, from which it is reasonable to assume that consumers will derive benefits in future, is impeded or restricted unnecessarily.

4.12 Market interventions or remedial actions should only be considered, in our view, where evidence clearly exists or where there are reasonable grounds for concluding that market abuse, to the detriment of consumers, is actually taking place or there is a distinct probability that it will do so in future.

4.13 However, predicting future consumer detriment inevitably requires some degree of speculation as to the future behaviour and intentions of the key market participants. It also requires some degree of speculation as to the possible, or indeed probable, consequences of that behaviour. In this context we note the OFT's conclusion that *"it would be wrong to justify a reference based on mere speculation as to a possibility of future harm to consumers"* [OFT Referral Report, Para 8.14, Page 73].

4.14 Nevertheless the Consumer Council believes that, from a consumer protection point of view, it is appropriate to act in a preventative way to avoid consumer detriment occurring. The Consumer Council would therefore be supportive, in principle, of interventions by the CC where there are reasonable grounds for concluding that the general direction of current grocery market developments are such as would facilitate or encourage the conditions for market abuse in future.

4.15 Against this background of ongoing market evolution, the Consumer Council believes that the interests of consumers will continue to be best served, both now and in the longer term, by the maintenance of a modern, dynamic, innovative, responsive and competitive marketplace for groceries; one which offers consumers a range of accessible shopping formats and facilities and one which also provides consumers with access to the widest possible choices of quality products at affordable prices in accordance with individual tastes and preferences.

## 5. SUPPLY CHAIN ISSUES

5.1 This section contains comments on a number of supply-chain issues raised by the CC.

### *Retailer behaviour*

5.2 The CC has asked for views as to whether, and to what extent, the behaviour of grocery retailers towards their suppliers is having, or could have in the future, a distorting or anti-competitive effect on the supply of goods, the range of available goods or in other ways which could threaten or inhibit the future viability of parts of the supply chain.

5.3 Again the Consumer Council would draw attention to the fact that without access to detailed supply-side information relating to commercial and other contractual arrangements between suppliers, wholesalers and retailers its ability to respond to such questions is limited. Of necessity, therefore, our comments are restricted to matters of general principle.

### *Participants*

5.4 The Consumer Council's understanding of the supply chain for groceries is that it is once again both complex and diverse.

5.5 Farmers and primary food producers provide raw materials for food processing and manufacture. A vast and diverse range of industries are involved in the processing, manufacture and supply of both grocery and non-grocery products. Manufacturers can be 'independent' in the sense that there are no restrictions on who they supply or 'semi-independent' in the sense that some, or all, of their output may be 'contracted-for'. Others may be engaged almost exclusively in the production of a range of own-brand products for the larger multiples.

5.6 The process of product distribution from supplier to retailer also varies. Many of the larger multiples operate their own distribution centres and networks. Individual symbol stores tend to be supplied from a central distribution centre operated by a parent buying group. On the other hand smaller stores are more likely to access supplies from specialist wholesalers or from 'Cash and Carry' warehouses.

5.7 An equally diverse range of retail shopping outlets and formats exist which can vary considerably in size and marketing ethos. Largest by market share are the multiple supermarket chains ie., Tesco, Sainsburys, Asda etc. In the middle are the smaller or medium-sized supermarket chains such as Co-Op, Costcutter, Lidl etc and also Symbol Stores such as Spar, VG, Centra, Supervalu. Smallest in size are a decreasing number of independently owned shops and mini-supermarkets. However, some of these may themselves be part of larger 'buying groups' or are affiliated to larger organisations such as, for example, the National Independent Supermarkets' Association [NISA].

### *Relationships and linkages*

5.8 Thus the grocery 'supply chain' in its entirety embraces a wide spectrum of participants from primary producers, processors, manufacturers, wholesalers and distributors through to the retailers themselves. All of this is bound together by a vast assortment of commercial relationships and trading arrangements. Some may be on the basis of individual supply contracts negotiated between suppliers, supermarkets and buying groups. Others may be more 'exclusive' in the sense that the terms and conditions are unique in some way to the parties involved. Other supply arrangements may be more flexible where products are traded on terms and conditions available to all.

5.9 It is apparent to the Consumer Council that because of the linkages and the interrelationships described above, any anti-competitive behaviour in one part of the supply-chain, whether by suppliers or other participants, has the potential to impact elsewhere in the supply-chain.

5.10 However, because of its lack of intimate knowledge the Consumer Council is unable to make a judgement on whether any of the current arrangements or relationships between retailers and their suppliers, either by their nature or their effect, are inherently anti-competitive. Nor is the Consumer Council in a position to conclude whether these might facilitate market abuse in future. Again in our view this can only be satisfactorily concluded as part of the current Investigation.

5.11 Again, however, we would wish to make a number of general observations.

### *Imbalances within the supply-chain*

5.12 In relation to size and scale there is always likely to be some degree of imbalance within the supply chain. Some retailers will be larger relative to others and will seek to exploit this added 'bargaining power' to negotiate or obtain more favourable trading terms or conditions. Some suppliers may equally have a market advantage and be able to trade more favourably with retailers by virtue of some desirable production capability or their own unique product characteristics. Therefore, at different times and in different ways some suppliers and retailers will inevitably find themselves at a market disadvantage relative to their competitors. While some may be in a position to make a competitive response others may be unable to do so and may even be forced to exit the market.

5.13 Short of some form of highly intrusive regulatory intervention the Consumer Council finds it difficult to envisage how this situation can be otherwise.

### *Market interaction or market abuse*

5.14 It would seem to the Consumer Council, therefore, that it is possible on the one hand to view the type of market interaction described above as the

expression of normal commercial activity and as being a perfectly normal characteristic of an efficient and properly functioning market place. As stated earlier we believe this to be in the overall long term best interests of consumers.

5.15 On the other hand it is also possible that the sort of imbalances described above are a consequence, either wholly or in part, of the abuse or deliberate exploitation of a dominant market position by some retailers. Unchecked, such exploitation could result in greater imbalances in future and even greater market distortion. The Consumer Council would view any such progression as being very much against the longer-term interests of consumers.

5.16 Again we believe it is more appropriately a matter for the Investigation to determine which aspects of retailer behaviour in relation to their suppliers is having the effect of restricting or distorting competition.

## 6. RETAIL COMPETITION

6.1 This section contains comments on Market Definition, Market Concentration and Other Aspects of Competition.

### *Market Definition*

6.2 It seems to the Consumer Council that, in terms of market definition, it is quite difficult to segregate the supply of 'groceries' from the supply of other non-grocery goods and services.

6.3 Trends in modern retailing and associated trading practices has meant that many of the traditional boundaries between markets, characterised in the past by separate or distinct trading operations, have become blurred or have disappeared altogether. Many retail operations have become integrated or have merged into what we might call 'multi-trading' formats. For example, most of the large supermarkets now offer 'in-store' a wide range of non-grocery products such as clothing, books, magazines, greetings cards, pharmaceuticals, electrical goods and other household appliances.

6.4 Allied trading practices have made grocery market definition even more difficult. For example, forecourt sales of petrol is now a normal and accepted part of the 'trading profile' of most of the large supermarkets. More recently, a number of the larger retailers have begun to market a diverse portfolio of services ranging from household and car insurance to personal loans and even mortgages.

6.5 While these 'non-grocery' trading activities are predominately associated with the large multiples this is not exclusively so. Many of the symbol group stores and even smaller independent retailers increasingly combine their grocery businesses with the sale of a wide range of other non-grocery products. In the case of the smaller independents in particular it is reasonable to assume that, for many, the actual viability of the business is dependent on this type of multi-trading format. Thus, the sale of groceries is often linked economically to the sales of other non-grocery products and is dependent on them.

6.6 This constitutes a growing degree of market integration and inter-dependence.

6.7 Given this level of market integration it is not clear to the Consumer Council how, for the purposes of the Investigation, the market for groceries can be sufficiently segregated from these other associated non-grocery markets to allow meaningful conclusions to be drawn in relation to competition issues or market functioning. As an example, many supermarkets offer an extra reduction of 'x' pence per litre for petrol to customers spending 'y' in-store pounds on groceries. In competition terms it could therefore be argued that the market for groceries is being distorted by the sale of petrol. The same argument can be applied to the sale of other non-grocery items by grocery retailers.

6.8 Leaving aside, at this stage, any consideration as to whether there is consumer benefit or detriment from multi-trading practices it is the Consumer Council's view that competition within the grocery market is undoubtedly affected by them. The extent of that impact the Consumer Council is clearly not in a position to judge. It seems increasingly likely, however, that the larger grocery retailers able to provide such facilities [for example petrol retailing] will gain a competitive advantage over those unable to do so. Where the economic effect of this is significant many smaller retailers may again be forced to exit the market.

6.9 Furthermore, the overall competitive effect will extend beyond the market for groceries. In the example above it could be argued that the market for petrol is also being distorted in that any costs incurred by a supermarket resulting from the price discounting of petrol can be recouped and cross-subsidised by the sale of in-store groceries. In turn this has the potential to affect the long-term viability of many smaller independent petrol retailers and ultimately the supply chain for petrol. These same arguments could equally be applied to the sale of other non-grocery products.

6.10 It is therefore the Consumer Council's view that the degree of 'market integration' which has evolved in relation to retailing generally makes it difficult, and even inappropriate, to consider competition and supplier behaviour within the grocery market in isolation. We believe this needs to be considered in parallel with the competitive impact on those markets for other non-grocery products including financial and other services which have become increasingly complementary to the sale of groceries.

6.11 The Consumer Council therefore recommends that, as far as market definition is concerned, the Investigation should not restrict itself to such a narrow interpretation of the grocery market as would prevent it from taking into consideration all of the market characteristics which are a current feature of modern retailing.

*'Geographic' definition of the market*

6.12 The Consumer Council agrees in broad terms with the CC's 2002 conclusion that *"consumers' search for groceries is essentially local"*. However, we feel that this has to be qualified in that several factors are likely to impact on this in future.

6.13 As referred to earlier the ability to purchase 'on-line' has meant that consumers are no longer constrained to the extent that they once were in terms of having to buy locally. Those with Internet facilities now have available to them a world-wide marketplace providing access to a greater than ever choice of products and suppliers. As Internet access becomes easier through broadband and complementary technologies it is reasonable to assume that 'on-line' shopping will become a permanent and growing feature of the marketplace. Many of the larger supermarkets have already sought to exploit this development by providing flexible delivery services geared to the customer's work patterns and preferences.

6.14 As far as impact on the grocery market is concerned it is the Consumer Council's view that it will be mainly the larger supermarkets with the technological resources and delivery support systems who are likely to benefit most from the expected growth in on-line shopping. This again has market implications for smaller retailers in particular. However, it is the Consumer Council's view that it would be almost impossible in practice, even if it were felt desirable, to impose any regulatory controls on shopping on-line.

6.15 In relation to other more general aspects of geographic market definition the Consumer Council believes that a distinction needs to be made between those aspects of the supply chain which are 'upstream' involving suppliers, and those parts of the supply chain which are 'downstream' involving sales to consumers. While we agree that downstream transactions tend, by and large, to be conducted locally this does not necessarily apply upstream to transactions between retailers and their suppliers. For example, many products, including groceries, are now being sourced internationally as can be seen from the increasing numbers and the varieties of products of foreign origin available on supermarket shelves. It is likely that this trend will continue and possibly accelerate in line with the progressive dismantling of world trade barriers and an increase in global trading.

6.16 Again, it is the Consumer Council's view that it will be mainly those retailers with sufficient market share to be able to trade internationally, and to source and obtain supplies outside existing 'local' markets, who are most likely to derive market benefit from this. Again, this has significant long-term implications for the UK grocery market and for smaller retailers in particular.

*Other aspects of geographic market definition*

6.17 The CC has raised other issues surrounding the geographic definition of the grocery market including regional variations in the availability and pricing of grocery products and the potential impact of supermarkets' practices and policies in relation to this.

6.18 The Consumer Council is at present unclear as to the extent to which this may be happening and, where it is happening, what the reasons for it might be. It is, however, possible to argue that product variation by location is again a natural, and indeed desirable, feature of the market. For example, regional variations in 'taste' or 'tradition' can exist where one product is more traditionally associated with a particular area of the country than another. It is also highly probable that in areas where there are ethnic minorities with particular tastes and preferences, that the products available in that area are more likely to reflect the make-up of the community. We would see this as characteristic of a market responding to local demand.

6.19 As far as prices are concerned it is also possible that a local price variation might legitimately be explained by differences in production, distribution, or other regional cost anomalies. It also seems likely that, while national pricing policies might be applied generally, most of the larger

supermarkets would permit some regional variation depending on competition in the area in order to maintain local price competitiveness.

6.20 These qualifications apart, it is the Consumer Council's view that, on principle, consumers in one part of the UK should not have to pay more for the same product than consumers in another part of the UK. We would therefore be opposed to any retailer behaviour which is not 'cost-related' and which amounts to arbitrary pricing of grocery products based on a retailer's ability to exploit a market position. In our view this would be tantamount to a form of geographical or regional price discrimination.

#### *Consumer shopping behaviour*

6.20 The CC has asked for views in relation to different aspects of consumer shopping behaviour and how these may have changed in recent years.

6.21 In 1996 the Consumer Council commissioned a Northern Ireland-wide survey on a range of issues relating to consumer shopping behaviour and attitudes. This was undertaken in order to inform the Consumer Council's views on Government Planning proposals relating to retailing and town centres. The study was replicated in 2002 allowing comparisons to be made with 1996 including trends in shopping behaviour and attitudes.

6.22 The headline results from those studies are attached as Appendix A (pages 30 – 45) . They provide insights into some of the aspects of shopping behaviour raised by the CC. They do not, however, cover all of the relevant issues and more comprehensive and up-to-date information is required.

6.23 Therefore, as commented on earlier [pages 4 and 9], the Consumer Council recommends, that as part of the Investigation, the CC should undertake a much more comprehensive and detailed UK-wide survey of consumer behaviour and attitudes. This is necessary in our view to add to the existing knowledge base and to provide more definitive answers to some of the issues raised. Again, as recommended earlier the survey should be conducted in such a way as to allow for regional comparisons and variations to be identified and assessed.

#### *Market Concentration*

6.24 The CC has highlighted the perceived trend towards greater concentration in the UK grocery market and has asked for views on the likely impact of this.

6.25 The Consumer Council agrees with the broad consensus that the market for groceries has become more concentrated in recent years. Market share has been obtained by the larger retailers mainly at the expense of the smaller independent outlets. We would also concur with the CC that current trends in market behaviour would point towards even greater market concentration in future. There are, however, a number of points which we believe are relevant to this.

6.26 Many of the issues surrounding market concentration appear to focus primarily on the large supermarkets and their dominant position as reflected in overall market share. While this undoubtedly is the case the Consumer Council is concerned that this focus on the larger supermarkets could obscure, to some extent at least, the potential which also exists for a equally dominant market position to exist at local level. For example, in many of the smaller centres of population competition may be quite limited with consumers having only a very limited choice of outlets. This in turn is liable to restrict the range and choice of products available together with potentially higher prices. In the Consumer Council's view this 'local' dimension to market concentration is a feature of the grocery market which also needs to be taken into account by the Investigation.

6.27 The way in which market share is acquired is also a factor. In Northern Ireland, unlike perhaps other parts of the UK, the development of the retail grocery market can be said to be more recent and instant. Current market positions have been secured mainly by way of instant 'take-over' and 'acquisition' rather than by the more gradual competitive processes of market penetration. Prior to 1997 one supermarket chain Stewarts/ Crazy Prices, both owned by Associated British Foods, had a highly dominant market position with a market share perhaps in the region of 32 per cent. Stewarts/ Crazy Prices was acquired in 1997 by Tesco. More recently, in 2005, Asda took over the chain of Northern Ireland supermarkets previously belonging to Morrisons who earlier in 2004 had acquired these from Safeway.

6.28 It can be argued that this process has, to a large extent, helped to maintain 'intact' the level of market concentration and dominance within Northern Ireland grocery retailing which still remains. In 1999 the three largest multiple groups, Tesco (26 per cent), Sainsburys (10 per cent) and Safeway [now Asda] (10 per cent) had a combined market share of around 46 per cent [Appendix B, pages 46 – 47]. No more recent figures are available. However, with the trend towards the larger supermarkets consolidating their position at the expense of the smaller grocery retailers it seems reasonable to assume that, as in the rest of the UK, the combined market share of the larger supermarkets will have increased.

6.29 What is perhaps even more important from a competition point of view is relative market share. On the above figures the largest Northern Ireland supermarket [Tesco] has a market share approaching two and a half times that of any of its nearest supermarket rivals. While the figures are unclear this would appear to be a slightly more dominant position than in the UK as a whole where, based on the OFT analysis, the 2005 market share figures were Tesco [30 per cent] and ASDA, their nearest rival [16.5 per cent].

6.30 We believe that a full consideration of market concentration should also take into account the growing number of outlets now affiliated to symbol groups or other buying syndicates. Many of these symbol stores, although trading separately are part of the same group. In Northern Ireland, for example, Spar and Vivo are affiliated to the 'Hendersons' buying group while Centra and Supervalu are associated with the 'Musgrave' group. The

combined power of these buying groups, as reflected in the market share of their affiliated symbol stores, may also represent a significant degree of market concentration. This is especially true in areas where the larger multiples don't have a competitive presence.

6.31 While market share is therefore an important indicator of the relative market strengths of the various multiples and retail groupings it may not always present an accurate picture of the true extent of actual competition in the marketplace. It is the Consumer Council's view that a distinction needs to be made between competitive market share and competitive market presence. For example, it is not clear the extent to which the supermarket multiples actively compete 'face-to-face' with each other within the main areas or centres of population.

6.32 None of this information is currently available. The Consumer Council sees merit therefore in a UK-wide 'market-mapping' exercise being undertaken by the CC for the purposes of providing a more comprehensive picture of market concentration than is currently available. This would seek to identify not only market share but would also present a competitive market profile in terms of the 'geographic' market presence of the various retailers. As with the consumer survey recommended earlier this should be undertaken in such a way as will allow for any regional variations or anomalies to be identified.

6.33 A further point which the Consumer Council believes needs to be better understood is the way in which market concentration develops and the reasons for that. Once more we believe a distinction is necessary between market concentration which is the result of 'normal' competitive market forces and that resulting from anti-competitive behaviour or practices.

6.34 For example, all retailers, irrespective of size, will seek to gain a competitive advantage over their market rivals. This could be by way of lower prices, better quality, or better in-store service or facilities. It could also be through 'multi-trading' and the joint marketing of grocery and non-grocery products such as petrol. The inevitable consequence of this will be the movement of market share as customers switch between outlets thereby exercising their right to choose where to shop based on the perceived advantages to them at the time. In this way market concentration can be a natural competitive outcome attributable to the free exercise of consumer choice.

6.35 At the same time the Consumer Council acknowledges that market concentration may also result from some form of market abuse through the exploitation of a dominant market position. Examples of this might include a situation where a dominant retailer might seek to exploit that position by imposing some form of covenant or restrictive terms on suppliers in an attempt to reduce the supply of products to competitors or to influence the terms upon which those goods are supplied or sold. Another example of market exploitation would be short-term predatory pricing and below-cost

selling where this is done with the express intention of eliminating market rivals [see also paras 6.39 – 6.40].

6.37 As mentioned earlier the Consumer Council is opposed to all anti-competitive behaviour irrespective of what form it takes. Such behaviour we believe is not in the long-term best interests of consumers. However, as far as the current trend towards greater market concentration is concerned, we believe it is for the Investigation to more clearly determine whether this is simply the outcome of normal competitive pressures or the result of clearly identifiable anti-competitive practices.

6.38 However, while not in a position to reach any conclusion on the issue it is the Consumer Council's view, in general, that where market power is highly concentrated then greater opportunities will exist for market exploitation in ways which have the potential to act against the longer-term interests of consumers.

#### *Other aspects of competition in the market*

6.39 The CC has drawn attention to a number of other practices concerning the behaviour of the large supermarket chains in particular. These include price flexing where a retailer varies or 'flexes' product prices on a regional or store by store basis. Also highlighted is the practice of 'below-cost selling' where products are sold at a price which is below that available to the retailer.

6.40 As commented on earlier, price flexing by a supermarket in an area may be a legitimate market response to a major competitor in that area. Similarly, short-term below-cost selling on a product line may be for initial promotional purposes for that product with a view to gaining market share. At the same time all of these activities may be engaged in with deliberate predatory intent and with a view to eliminating less powerful market rivals. However, without access to the market strategies and the trading policies of the major multiples it is only possible to speculate as to the motivation behind many of these activities.

6.41 The CC has also drawn attention to issues surrounding the practices of the larger multiples in relation to site purchase and the accumulation of land banks or holdings. Concerns exist about the potential impact of such practices on competition. It is suggested that such holdings could be used by the supermarkets to prevent or frustrate entry into the market by competitors and thereby distort competition. While the Consumer Council is not in a position to comment on the possible motivations or future intentions of the major retailers with regard to land purchase and use, we would comment as follows.

6.42 Most businesses will seek out opportunities to grow and expand as a way of enhancing their efficiency, competitiveness or of consolidating a market position. It seems reasonable to assume therefore that there are times when part of this process would involve the forward purchase of trading sites for future development or the acquisition of additional premises for future use. Again it is entirely plausible to view such activity as nothing more than

normal commercial behaviour reflective of a competitive and dynamic commercial environment . As we have argued earlier this might reasonably be expected to benefit consumers. At the same time the Consumer Council is acutely aware that the acquisition and use of land holdings has the potential also to be exploited in ways which could be anti-competitive and ultimately to the detriment of consumers.

6.43 In principle, the Consumer Council would be opposed to any form of land purchase or use which is deliberately intended to prevent or restrict the future availability of suitable retailing sites and thereby frustrate entry into the market by a competitor or competitors. This could arise, for example, in situations where land is purchased at prices well above market value or where development is delayed indefinitely or again where covenants are used by a purchaser to place restrictions on future land use.

6.44 We believe the Investigation should be able to determine more fully current supermarket policies in relation to land purchase and use and also the actual intentions and motivations behind such purchases. Only in this way will it be possible, we believe, for the CC to accurately conclude which behaviours are acceptable and which are inherently anti-competitive.

#### *Market behaviour generally*

6.45 A major difficulty which the Consumer Council sees with nearly all of the issues discussed throughout, is the necessity ultimately of being able to distinguish between retailer behaviour which might normally be associated with an efficient and competitive market place from that which is anti-competitive or which has the potential for market distortion in future. In our view this represents a core issue for the Investigation.

6.46 However, given that the Consumer Council remains firmly of the view that effective competition in the market place continues to be a basic and fundamental consumer protection, it repeats its previously stated position of being automatically opposed to all forms of anti-competitive behaviour within the grocery supply-chain irrespective of what form this takes.

## **7. PLANNING, LAND USE AND OTHER BARRIERS TO ENTRY**

7.1 The CC has asked for views on what detrimental or other effect current planning policy may be having on market entry and other related issues.

### *In general*

7.2 The Consumer Council notes the broad conclusion reached by the OFT that “*there are reasonable grounds for suspecting that aspects of the planning regime, and the issues around land holdings ... are features that prevent, restrict or distort competition ...*” [OFT Referral Report para 7.32, Page 67].

7.3 The Consumer Council broadly concurs with this view. At the same time it is unable to comment with authority on the working details of the planning process and is therefore not in a position to make valid comparisons between the planning regimes in different parts of the UK. Also, the Consumer Council is unaware of the actual experiences of retailers and others in relation to the operation of the planning process. We have therefore focussed our comments on retail planning issues generally as we see them impacting on the interests of consumers.

### *Policy conflicts*

7.5 The Consumer Council supports the need for planning and other guidelines. We see these as being necessary for the orderly development and maintenance of both the natural and built environments.

7.6 However, planning policies are but one part of a much larger policy framework aimed at a disparate range of community-wide economic, social and cultural objectives. Related to these is a wide spectrum of public policies covering housing, health, education, law and order, sport and leisure, and tourism etc. All of these are in addition to planning policies directed specifically at the retail environment. Within this overall policy framework some issues have come to the fore in recent years in terms of their perceived importance. For example, issues surrounding social exclusion, sustainability, global warming, and the environment are now being afforded a much higher priority.

7.7 While not directly related to retailing some of these issues have significant ‘knock-on’ implications for retail planning policy and, in turn, for retail competition. For example, policies aimed at reducing private car journeys will impact directly on where people do their main shopping in future. Policies aimed at preserving the viability of town centres, perhaps by the application in future of a more rigorous ‘needs’ test in respect of proposed new developments, could well introduce new and perhaps insurmountable barriers for new market entrants. Albeit indirectly, all of these have the potential to impart a longer-term detrimental effect on competition.

7.8 It therefore seems to the Consumer Council that conflicts will inevitably occur where other desirable public policy objectives are, in practice, either inconsistent with the objective of a fully competitive and efficient market place, or where the latter, in terms of the greater public good, is considered to be of lesser importance. It is therefore the Consumer Council's view that, for the purposes of the Investigation, any consideration of the effects of the planning regime on competition needs to be viewed in the context of these other public policy objectives as well.

*Retail planning objectives: a consumer view*

7.9 The Consumer Council believes strongly that the interests of consumers will be best served by retail planning policies which provide access, balance and choice in the form of a modern, dynamic and innovative retailing environment which consumers both now and in the future demand and expect.

7.10 As referred to earlier, research commissioned by the Consumer Council in 1996 and later repeated in 2002 provided some benchmark information on consumer shopping behaviour in Northern Ireland including attitudes to edge-of-town shopping. This provided a basis for comparison and the identification of shifts in behaviour between 1996 and 2002. This information was disseminated in October 2003 in a paper entitled *Retailing and Town Centres - A Consumer View*. A copy is attached as Appendix B to this submission by way of further background information.

7.11 More recently, in November 2006, the Consumer Council responded to the Department for Regional Development's consultation on Draft Planning Policy Statement 5 – Retailing, Town Centres and Commercial Leisure Developments [refer to Appendix C; pages 48 - 53]. Together, Appendices B and C include the Consumer Council's view and recommendations on those principles which should underpin future retail planning policy. It also provides arguments in support of those recommendations including the views and opinions of consumers. Those principles which the Consumer Council believes should underpin retail planning policy are restated below. While they have been framed in the context of Northern Ireland we consider them to be applicable to retail planning policy generally.

**Access:** Northern Ireland, for reasons of choice and competition, needs a wide range of locations and formats for shopping that is accessible to and by all consumers. 26 per cent of NI consumers do not have access to a car.

**Balance:** In order to ensure the widest possible choice of shopping for the largest number of people in Northern Ireland, there should be an appropriate balance of both town centre and out-of-centre retail developments. Two-fifths (42 per cent) of consumers are in favour of edge-of-town developments compared to 12 per cent who are opposed (39 per cent are indifferent). A blanket ban on edge-of-town or out-of-town developments is, therefore,

inappropriate and is not supported by consumers. Against this background, the Consumer Council does not consider it appropriate to impose a moratorium on any further development of convenience food stores and retail warehouses.

**Choice:** Retail planning policy should meet consumers' demands and expectations. Shopping locations are greatly influenced by the nature of the shopping trip. When shopping for essential (food) or bulky shopping 47 per cent and 58 per cent, respectively, shop at edge-of-town retail developments. Meanwhile, the city or town centre is more popular for recreational or comparison shopping. For example, 46 per cent and 66 per cent of consumers buy CDs and clothes, respectively, in the town centre. Policy makers must ensure best fit between shop locations and the nature of goods for sale.

**Reduce the need to travel:** The Consumer Council believes that Northern Ireland needs a clear, decisive retail planning policy that reduces the need to travel. Against this background we believe that retail planning and public transport policy should be integrated to ensure that shops are accessible to all by a choice of means of transport. Our research found that 76 per cent of those who shop at the edge-of-town and 65 per cent of those who shop in town centres use the private car. A sizeable minority then must be catered for within walking distance or by accessing public transport.

**Social function:** The town centre has become the preferred choice for a day trip. Two-fifths (41 per cent) of consumers perceive the town centre to be somewhere to go for a day out compared to one-quarter (25 per cent) preferring edge-of-town retail developments. This trend has shifted from off-centre developments in 1996 (when 43 per cent considered edge-of-town retail developments to be somewhere to go for a day out compared to 31 per cent favouring town centres). Town centres must continue to compete and offer a social experience that makes their retail environment ever more attractive to consumers.

**Further retail development:** Future developments should be especially encouraged in areas where existing shopping provision and facilities are outdated or deficient and where such development would improve or enhance the range of shopping provision available to consumers in all areas. However, cognisance should be taken of known and future regeneration proposals. In this way we recommend an objective of sustainable, targeted and integrated development.

**Complementarity:** Planning policy should not be used to stifle competition or to protect existing business from the rigours of

the market place. It should instead help to promote and encourage competition between businesses and also between different shopping locations. In the context of future planning policy, town centre and edge-of-town developments should therefore be seen as providing choice for consumers and as complementary to each other.

#### *Current planning review*

7.12 In Northern Ireland a further review of Planning Policy is currently underway.

PPS 5 covers Draft Planning Policy Statement 5 – Retailing, Town Centres and Commercial Leisure Developments and is therefore much more comprehensive in scope than any previous review. By way of further background information the Consumer Council's response to this latest review has been included as Appendix C.

# Appendices

## **Appendix A**

### **Retailing and Town Centres: A Consumer View Autumn 2003**

**A briefing paper by the  
GENERAL CONSUMER COUNCIL**

**Please contact us if you would like a copy of the Executive Summary on disk, in large type, in other accessible formats or in minority ethnic languages.**

## **Included in this briefing paper:**

- **The recommendations**

- The Council's recommendations on which factors should underpin future retail planning policy

- **Why these recommendations are important**

- Changes and trends in modern retailing practice including consumer preferences and expectations

- **The views and opinions of consumers themselves**

- Research and other data on consumer shopping behaviour and attitudes

## 1. RETAIL PLANNING POLICY: THE RECOMMENDATIONS

The General Consumer Council wants to see the following recommendations reflected in future retail planning policy in Northern Ireland.

### ● The changing retail environment

The aim of retail planning policy should be to provide the framework for an evolving, dynamic, innovative and competitive Northern Ireland retailing environment.

### ● Further development

Further retail development should be especially encouraged in areas where existing shopping provision and facilities are outdated or deficient and where such development would improve or enhance the range of shopping provision available to consumers in all areas.

Retail planning policy should seek to provide the widest possible choice of shopping for the largest number of people in Northern Ireland. This will require an appropriate balance to be struck between both town centre and edge-of-town locations. Therefore, a blanket ban on edge-of-town or out-of-town *retail development is inappropriate.*

### ● Consumer attitudes and satisfaction

Retail planning policy should seek to provide the kind of modern retailing environment in Northern Ireland which consumers now and in the future demand and expect, and which matches their expectations and preferences.

### ● Competition

Planning policy should not be used to stifle competition or to protect existing business from the rigours of the market place. It should instead help to promote and encourage competition

between businesses and also between different shopping locations.

### ● **Equity and access**

Retail planning policy should promote and assist social inclusion by encouraging modern retailing developments in known areas of high multiple deprivation.

Retail planning and public transportation strategies should complement each other to ensure that shopping and other essential services are more easily accessible by all.

### ● **'Recreational' and 'essential' shopping**

Future retail planning policy should reflect the growing distinction between essential and comparative or recreational shopping.

Some product categories have become identified with, and are best suited to, particular retail locations. In future, greater weight should be given to ensuring 'best-fit' between location and the nature of the goods being sold.

## 2. THE VIEWS AND OPINIONS OF CONSUMERS

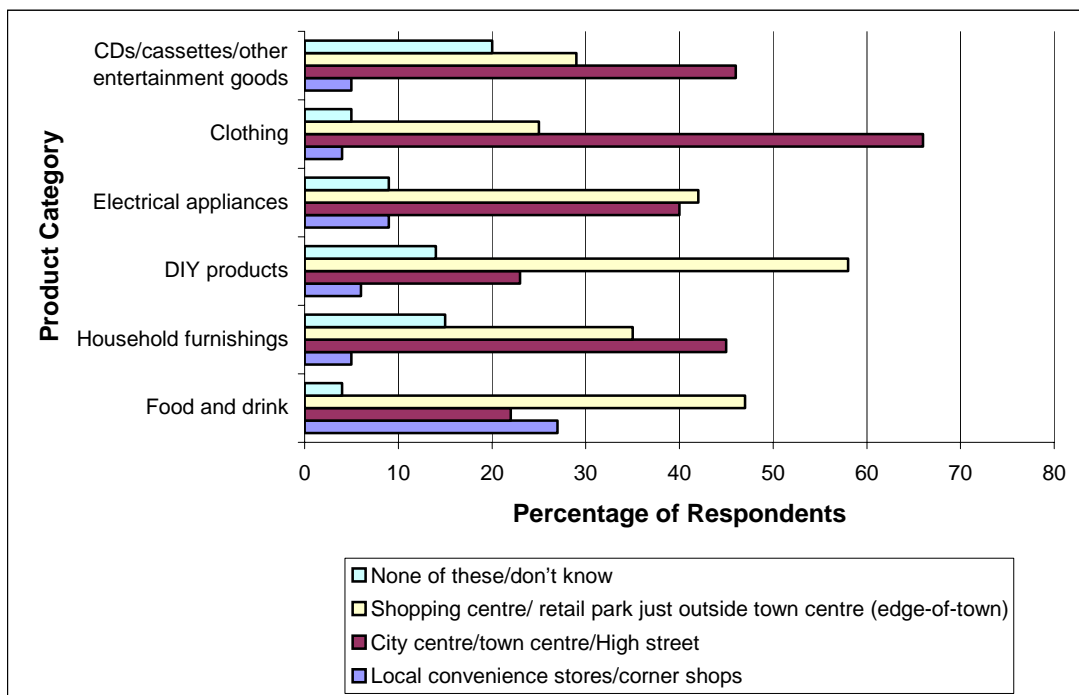
The following key comparisons and findings are based on surveys of Northern Ireland consumer opinion carried out by the Council in 1996 and also in 2002. [See Page 17 for details of the methodology].

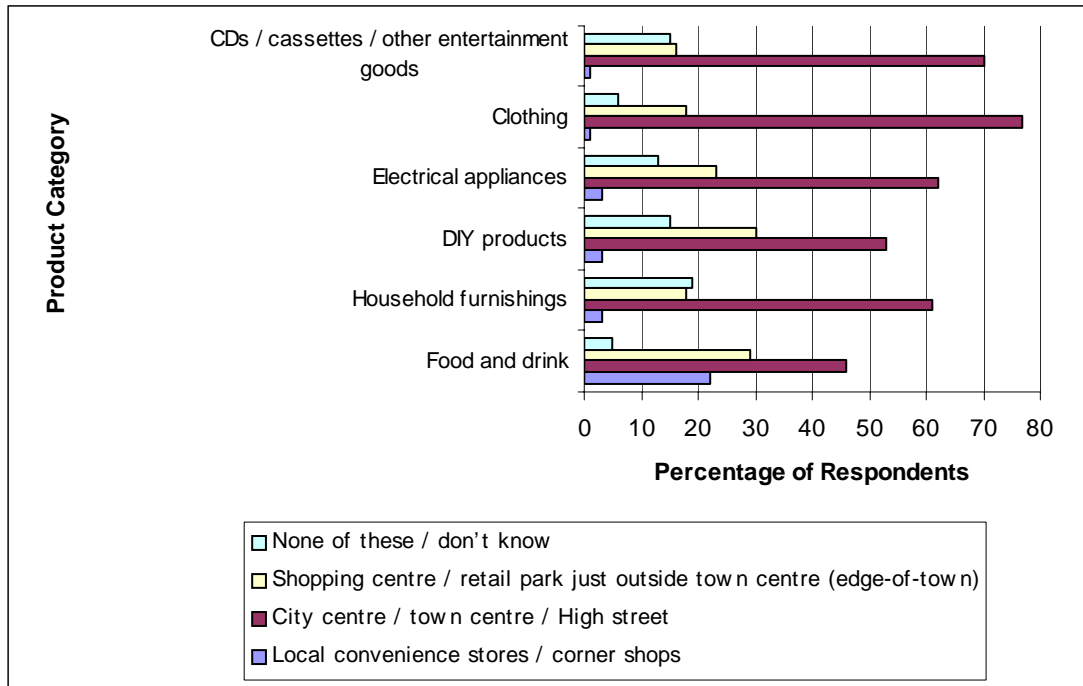
In general, while consumers' shopping behaviour has changed, attitudes have not.

### ● Shopping Behaviour

In 1996, the town centre was the preferred shopping location across *all* product categories. While not exclusively so, edge-of-town developments are now the primary location for buying products such as DIY, gardening products and food and drink. City/town centres are the preferred location for purchasing items such as clothes, household furnishings and CDs. The remit of the corner shop is now predominantly for 'emergency' or 'top up' purchases of food and drink [Figures 1 and 2].

**Figure 1: Consumer shopping behaviour: 2002**



**Figure 2: Consumer shopping behaviour: 1996**

### Key points

- Consumer shopping behaviour has changed to the extent that different locations are increasingly identified with specific products.
- There is no longer a single, definitive shopping location or preference. Rather, consumers shop at various locations for different needs.
- In deciding where to shop the trend is towards the location that will deliver the best value for money<sup>1</sup>.
- Ideally, consumers would prefer to shop for food items at edge-of-town stores.

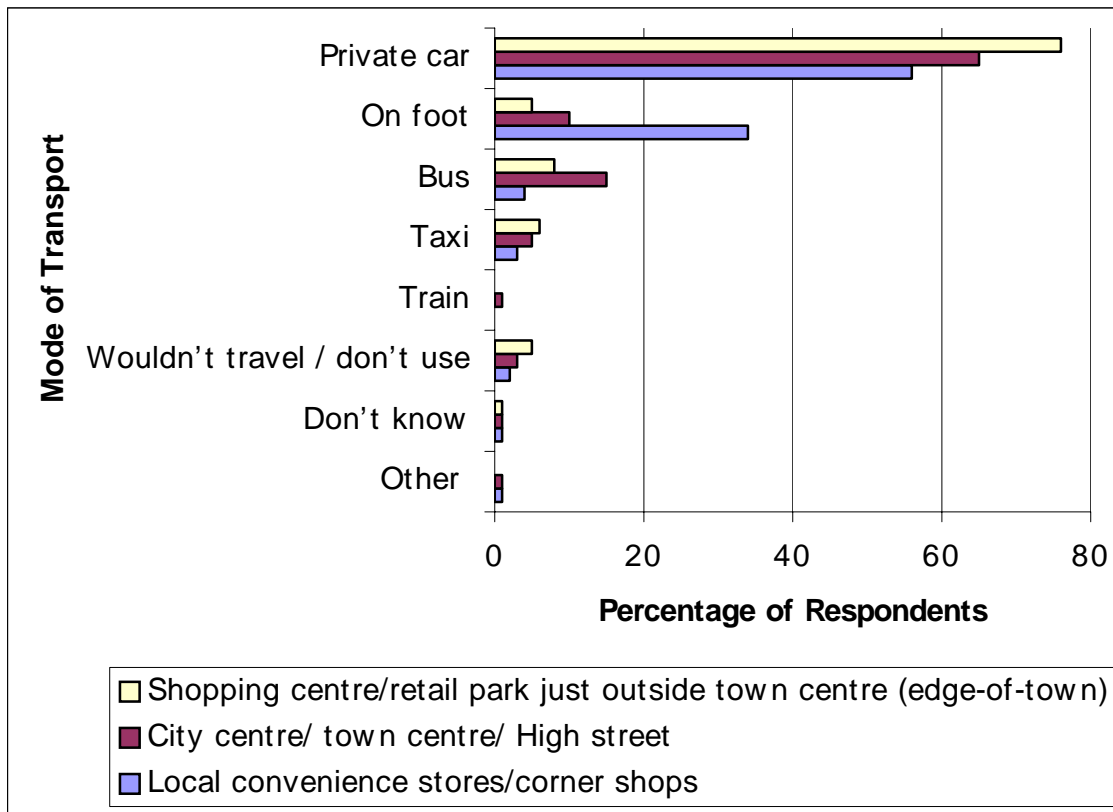
### ● Travel

The private car remains the most popular mode of travel for shopping trips, irrespective of location. Currently, it is the mode of

<sup>1</sup> Cross, C. (2001) What Consumers Want: An Insight into Changing Retail Trends. *Consumer Sciences Today*, Spring. 3 (1).

transport used by 76% of those shopping at the edge-of-town and 65% of those shopping in the city/ town centres. Use of the private car for shopping has not changed significantly since 1996. Those using public transport do so mainly for city/town centre shopping while walking is not appropriate beyond the distance of the local corner shop [Figure 3].

**Figure 3: Mode of travel to retail locations**



**Key points**

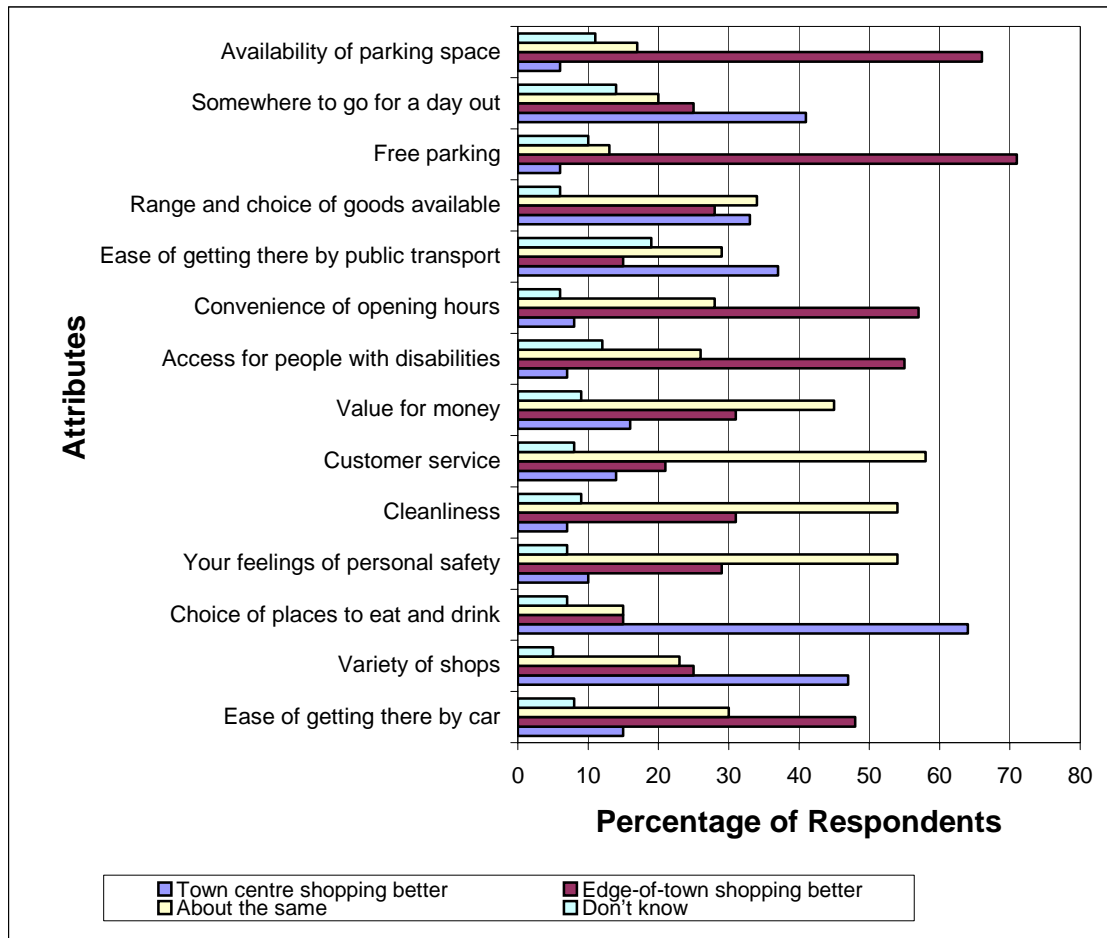
- Shopping remains predominantly a car-borne activity. Access is therefore dependent upon ownership of or access to a car. Lower-income consumers without a car have more difficult access to shops than their higher-earning counterparts. This is important because 65% of all households in Northern Ireland own a car but only 27% of the poorest quarter own a car compared to 95% of the highest earners<sup>2</sup>.

<sup>2</sup> Source: Northern Ireland Family Expenditure Survey 1998/98, Northern Ireland Statistics and Research Agency

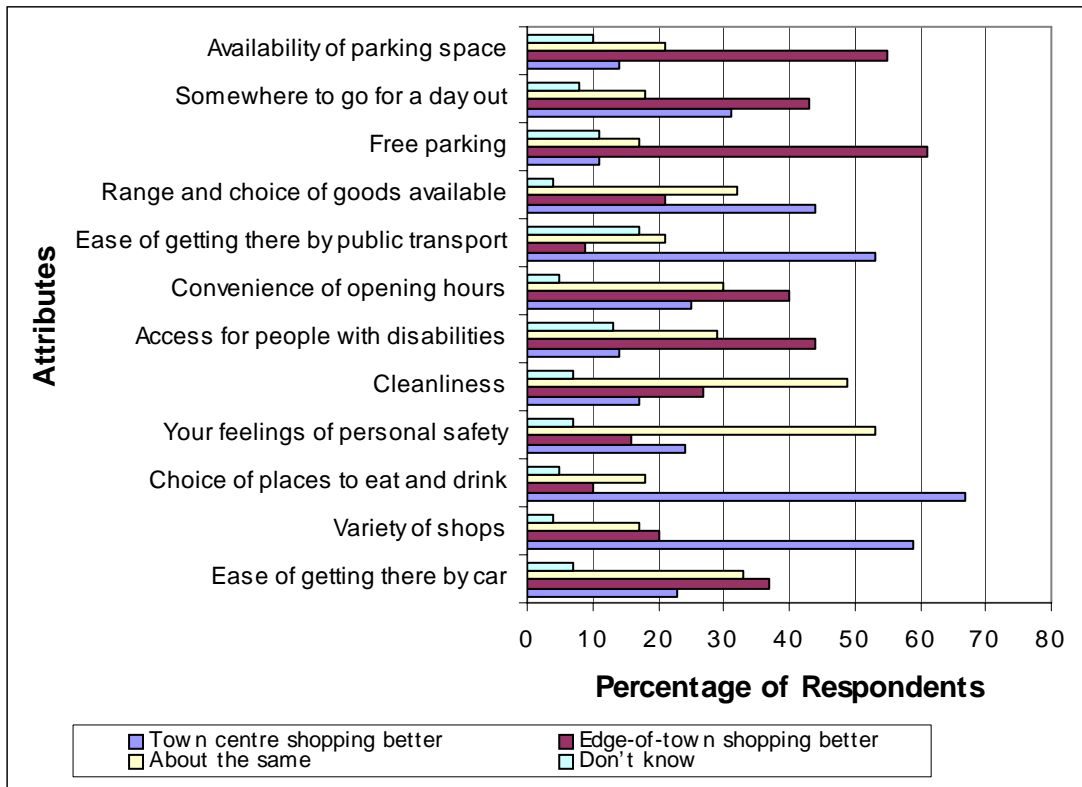
● **Consumer Preferences**

The town centre was distinctly favoured for its choice of shops and diversity whereas edge-of-town sites were preferred for their accessibility. The most notable attitudinal change between 1996 and 2002 was the current recognition that the town centre was particularly suited for a day trip, whereas previously this distinction was afforded to the edge-of-town superstores [Figures 4 and 5].

**Figure 4: Town centre shopping versus edge-of-town shopping: 2002**



**Figure 5: Town centre shopping versus edge-of-town shopping: 1996**



**Key points**

- Town centres fare better than edge-of-town developments in terms of variety of shops, accessibility for public transport services and the fact that it is somewhere to go for a day out, while the edge-of-town developments are better for the car-borne shopper and opening hours.
- Accessibility (in terms of car and disabled access) is rated better at edge-of-town stores.
- Value for money, customer service and range and choice is comparable in town centre and off-centre stores while service aspects (for example, parking facilities and convenient opening hours) are rated highest in edge-of-town stores.
- These findings are constant across the years with the exception that edge-of-town locations were perceived as

being somewhere to go for a day out in 1996 and this has shifted to the town centre in 2002.

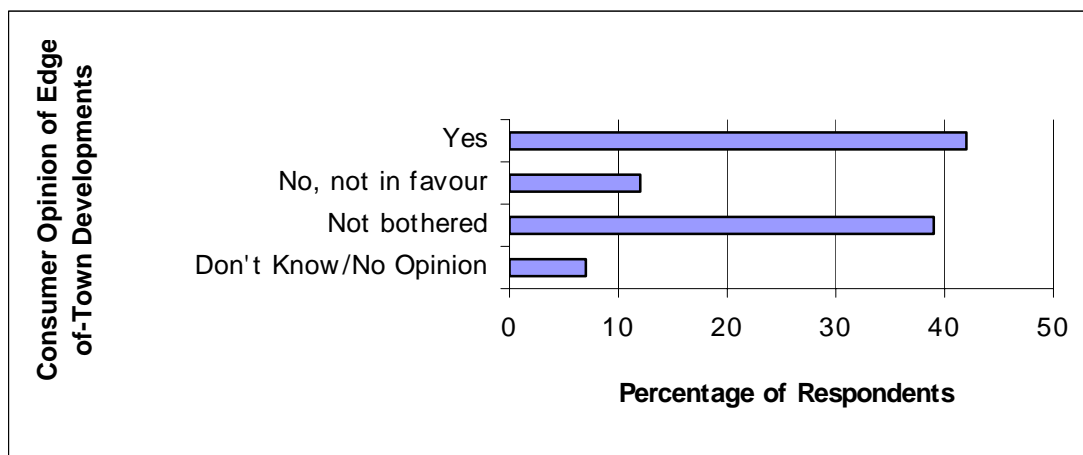
### ● Consumer Support for Edge-of-town Retailing

Forty-two percent (42%) of consumers are in favour of edge-of-town shopping developments compared with 12% who are opposed to their progression [Figure 6]. There is a degree of indifference with regard to the issue, with 39% claiming to not be bothered either way and a further 7% expressing no opinion.

However, of those in favour of edge-of-town developments, one-third (34%) would withdraw this support if such developments were found to have a negative impact on the town centre. There has been no significant attitudinal change among consumers between 1996 and 2002.

In terms of actual shopping behaviour, as distinct from attitudes, there has been a slight shift in preferences from town centres in 1996 to edge-of-town in 2002. An age bias is apparent in this trend with the younger (<25 years) and older (>75 years) consumers shopping in town centres.

**Figure 6: Consumer support for edge-of-town shopping centre developments**



### Key points

- Substantially more consumers are in favour of edge-of-town developments than are opposed.

- Of those who are in favour only one in three are concerned about edge-of-town developments leading to a reduction in town centre shops.
- Consumer attitudes on this have not changed significantly in recent years.

### **3. THE IMPORTANCE OF EFFECTIVE RETAIL PLANNING**

#### **● The changing retail environment**

Modern superstores, supermarkets, shopping centres and retail parks reflect the major changes that have occurred, and will continue to occur, in the nature of retailing. These are indicative of not only changes in retail practices but are also a direct response to the socio-economic changes that are occurring in society itself. For example, edge-of-town development is but a response to the fact that, as people have become more affluent, customer services have followed the population in decentralising from town centres<sup>3</sup>.

This process of change will continue with retailing in future likely to be different from what it is today. The use of the Internet to purchase goods and services is an example of the evolutionary and dynamic nature of retailing.

#### **● Further development**

Modern retailing development occurred much later in Northern Ireland than in Great Britain. As a result, it can be argued that we have not yet reached the level of retail development or saturation which has occurred elsewhere in Britain. Because Northern Ireland is still 'catching up', retail development is not necessarily uniform throughout the Province. Some towns, villages and areas are not as well provided with modern shopping facilities as others.

Further retail development, including edge-of-town, may therefore be necessary and appropriate in particular areas in order to improve accessibility and shopping facilities for consumers in those areas.

A blanket ban may prevent this extension of choice to all consumers.

#### **● Consumer attitudes and satisfaction**

Northern Ireland consumers are not supportive of a blanket ban or unwarranted restrictions on edge-of-town developments. While

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<sup>3</sup> Bromley, R. D. F. and Thomas, C. J. (1993) The Retail Revolution, the Car-less Shopper and Disadvantage. *Transactions of the Institute of British Geographers*, 18 (2).

they feel some sympathy in respect of town-centre decline, the majority are generally in favour of edge-of-town developments with only a small number opposed [Figure 6, page 10]. Furthermore, research in Northern Ireland and elsewhere consistently shows high levels of satisfaction among consumers with supermarkets and with modern trends in shopping provision generally. All of this suggests that, in general, consumers are highly supportive of the current trends in retail development.

### ● **Competition**

Ongoing retail development, including edge-of-town superstores and retail parks, can be perceived by existing retailers and town centres as further competition and therefore a threat to their viability and ultimate survival. However, from a consumer point of view, competition ensures choice, variety and value for money. It raises standards and provides the essential stimulus for a vibrant, innovative and competitive Northern Ireland economy.

Competition between businesses, and also between city centres and edge-of-town developments, is therefore healthy, necessary and beneficial and should be encouraged.

### ● **Equity and access**

Access for all to shopping and other essential services should be a further key planning objective. As far back as 1998 the UK Government's Social Exclusion Unit identified that in too many neighbourhoods access to services was wholly inadequate and that in some areas services such as shops and banks had disappeared<sup>4</sup>. More recently, the particular problems faced by low-income consumers and those living in areas of social and economic deprivation were highlighted in the General Consumer Council's series of reports 'The Price of Being Poor'. Tackling these problems is a priority in the Northern Ireland Assembly's Programme for Government and Targeting Social Need [nTSN] initiative.

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<sup>4</sup> Social Exclusion Unit. (1998) Bringing Britain Together: A National Strategy for Neighbourhood Renewal. HMSO, London.

At present, edge-of-town shopping is characterised in the fact that it is almost exclusively a car-borne activity. Yet in Northern Ireland around one in three households [35%] do not own a car. The only current alternative, public transport, is often unsuitable and expensive, especially for those on low-incomes or living in reduced circumstances. In rural areas public transport may either be unavailable or not available at suitable times.

By promoting accessible shopping and other essential services in disadvantaged areas and communities, retail planning policy can make a significant contribution to promoting social inclusion and reducing inequalities.

However, it should also be noted that in some towns edge-of-town superstores have actually improved access, especially in areas where food access was previously poor or non-existent (refer to Figures 4 and 5).

### ● **‘Recreational’ and ‘Essential’ Shopping**

Today’s consumers do not shop at a single location. They shop at a variety of destinations depending on the purpose of the shopping trip. For example, comparison-shopping items, such as household furnishings, clothing and CDs, tend to be purchased in city/town centres. Essential and bulkier items, such as groceries, DIY and in some cases electrical appliances, are more likely to be purchased at edge-of-town locations.

Consumers also attribute different qualities to town centres and to edge-of-town developments. Town centres are more likely to be viewed as a social destination, more easily accessed by public transport and offering more variety and choice. As such, they are more likely to be equated with somewhere to go for a day out. Edge-of-town shops and stores, on the other hand, are favoured for their convenience and accessibility and as being particularly appropriate for the car-borne shopper.

Decisions as to where to shop are therefore likely to be influenced by the nature of the shopping trip. If shopping for essential or particular types of goods, then an edge-of-town location is the preferred choice. A large town or city centre is more likely to be the

destination for recreational, 'day out' or comparison-shopping [refer to Figure 7].

**Figure 7: Location where consumers are most likely to shop for different products [2002]**

	Local convenience stores/ corner shops	City centre/ town centre/ High street	Shopping centre/ retail park just outside town centre (edge-of-town)	None of these/ don't know
Food and drink	27	22	47	4
Household furnishings	5	45	35	15
DIY products	6	23	58	14
Electrical appliances	9	40	42	9
Clothing	4	66	25	5
CDs/cassettes/ other entertainment goods	5	46	29	20

The emergence of this distinct behavioural pattern has clear implications for future retail planning policy.

### ● Consumer choice

Consumers value highly having a choice of shops and also a choice of different shopping locations and shopping experiences. Choice is also an important consumer protection in that, where such choices are available, consumers, by 'voting with their feet' are able to exert influence on such things as price, quality, variety and standards of service. In this way choice provides the stimulus to competition.

In the context of future planning policy, town centre and edge-of-town developments should therefore be seen as providing choice for consumers and as complementary to each other.

#### **4. RESEARCH METHODOLOGY**

In order to inform the retail planning debate in Northern Ireland the Council commissioned research into consumer shopping behaviour and attitudes to edge-of-town shopping. In total 1,000 consumers were interviewed in their own homes as part of a social omnibus survey using a probability-based random sample from the electoral register. Interviews took place between late February and early March 2002 across all 26 local government districts. Research and Evaluation Services (RES) carried out all research and data analyses.

The sample comprised 440 males and 560 females. Socio-economic groupings were as follows: ABC1 = 41%; C2 = 21%; DE = 32% [6% = unknown].

In 1996 the Council commissioned similar research which provided benchmark information and also a basis for comparison and identification of shifts in behaviour between 1996 and 2002.

The results of both the above studies form the basis of this paper.

**Appendix B**

Ref No: 3/5.39

16 April 2003

Ms P Margaret Smith  
Inquiry Director  
Competition Commission  
New Court  
48 Carey Street  
LONDON WC2A 2JT



Dear Ms Smith

**SAFWAY MERGER INQUIRY**

The Council welcomes the opportunity to make a representation to the Commission with regard to the proposed acquisition of Safeway. In considering this issue we believe that the Commission should consider the specific impact of any changes on the Northern Ireland market as a result of any of the proposed mergers. Northern Ireland is a distinct market and should be considered as such.

As stated in our joint letter with the Consumer Councils from England, Wales and Scotland to the Office of Fair Trading dated March 2003, we welcome the review of the market conditions and in particular a review of the implications for the Northern Ireland grocery market.

Recent market share information shows that the three largest grocery retailers in Northern Ireland are Tesco, Sainsburys and Safeway. They had a market share of 26%, 10% and 10% respectively of Northern Ireland's grocery market in 1999 [refer to Table 1].

Our concern would be that should Tesco acquire Safeway their relative market share would increase to 36% with the nearest competitor, Sainsburys, having a market share of 10%. This would also mean that the two largest retailers would control almost half of Northern Ireland's grocery market if either Tesco or Sainsburys merged with Safeway.

ASDA or William Morrison would be new entrants to the Northern Ireland market. This would effectively replace Safeway's existing position and would neither decrease nor increase competition in Northern Ireland, providing the new owner does not sell Safeway's Northern Ireland stores.

**Table 1: Market Share of Northern Ireland's Grocery Retailers (1999)**

<b>Multiple</b>	<b>1999 % NI Market Share</b>
Tesco	26
Sainsburys	10
Safeway	10
Co-Op	8
Dunnes Stores	5
Marks and Spencer	4
Iceland	Not available

Source: Mintel Irish Series (1999) Grocery Retailing July 1999

The Council has a further concern regarding the regional concentration of grocery retailers *within* Northern Ireland. We would be concerned that any closure of stores across Northern Ireland following any merger could cause a potential reduction in choice and competition at the local level and could possibly create further local monopolies. Attached, for the Commission's information, is data detailing Northern Ireland's regional concentration of stores [refer to Table 2].

**Table 2: Concentration of Grocery Stores in Northern Ireland (2001)**

<b>Outlet</b>	<b>Number of Outlets</b>	<b>Areas of Greatest Store Concentration</b>
Tesco	33	Primarily Greater Belfast
Sainsburys	7	Primarily Greater Belfast
Safeway	12	Greater Belfast
Supervalu	35	No apparent regional concentration
Dunnes Stores	27	Armagh and South Down
Co-op	32	Primarily Greater Belfast
Spar/VG	422	No apparent regional concentration
Mace	232	No apparent regional concentration

Source: Furey, 2001

We hope you find the above information of assistance to the Commission in its deliberations. Please feel free to contact me if you require any further information or have any queries about our submission.

Yours sincerely

**ALAN WALKER**  
Head of Consumer Affairs

## Appendix C

Ref No: 3/5.39

3 November 2006

PPS 5 Team  
Regional Planning and Transportation Division  
Department for Regional Development  
Room 3.01  
Clarence Court  
10-18 Adelaide Street  
BELFAST BT2 8GB



Dear Sir

### **DRAFT PLANNING POLICY STATEMENT 5 – RETAILING, TOWN CENTRES AND COMMERCIAL LEISURE DEVELOPMENTS**

The Consumer Council welcomes the opportunity to comment on the above consultation which has important implications for consumer access and choice to a range of retail, town centre and commercial leisure developments.

Our comments are attached and we hope you find them useful. Please do not hesitate to contact me again should you wish to discuss further any of the issues raised in our response.

Yours faithfully



*DR SINÉAD FUREY*  
Senior Consumer Affairs Officer

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## **DRAFT PLANNING POLICY STATEMENT 5 – RETAILING, TOWN CENTRES AND COMMERCIAL LEISURE DEVELOPMENTS**

The General Consumer Council for Northern Ireland (the Consumer Council) is a statutory body set up under the 1984 General Consumer Council (Northern Ireland) Order with a duty to promote and safeguard the interests of consumers.

Consumers have a central role to play within the social, environmental and economic framework locally, nationally and internationally. In Northern Ireland the importance of consumers is widely recognised by the Government and within society as a whole. Consumers are now integral within key policies and strategies including the Programme for Government, Northern Ireland Consumer Strategy, and the Economic Vision for Northern Ireland.

The Consumer Council welcomes the opportunity to comment on the draft Planning Statement 5 (PPS 5) which was originally published in 1996 and has been revised to embrace wider planning policies and outlines retailing, town centres and commercial leisure developments. We believe that PPS 5 should satisfy a strategic framework **encompassing the principles of access, balance, and choice.**

### **About our response**

The Consumer Council commissioned research into consumer shopping behaviour and attitudes to edge-of-town shopping in 2002. In 1996 the Consumer Council commissioned similar research which provided benchmark information and also a basis for comparison and identification of shifts in behaviour between 1996 and 2002. We disseminated, in October 2003, an information paper comparing the research across both years.

The paper included recommendations on which factors should underpin future retail planning policy; outlined why these recommendations are important and presented the views and opinions of consumers. The results of both the above studies form the basis of this response.

The following criteria outline consumers' expectations and preferences which must be addressed in Northern Ireland's revised future retail planning policy:

1. **Access:** Northern Ireland, for reasons of choice and competition, needs a wide range of locations and formats for shopping that is accessible to and by all consumers including the 26 per cent<sup>5</sup> of Northern Ireland consumers who do not have access to a car.
2. **Balance:** In order to ensure the widest possible choice of shopping for the largest number of people in Northern Ireland, there should be an appropriate balance of both town centre and out-of-centre retail developments. Two-fifths (42 per cent) of consumers are in favour of

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<sup>5</sup> National Statistics (2005) Family Spending: A report on the 2004-05 Expenditure and Food Survey.

edge-of-town developments compared to 12 per cent who are opposed (39 per cent are indifferent). A blanket ban on edge-of-town or out-of-town developments is, therefore, inappropriate and is not supported by consumers. Against this background, the Consumer Council does not consider it appropriate to impose a moratorium on any further development of convenience food stores and retail warehouses.

3. **Choice:** Retail planning policy should meet consumers' demands and expectations. Shopping locations are greatly influenced by the nature of the shopping trip. When shopping for essential (food) or bulky shopping 47 per cent and 58 per cent, respectively, shop at edge-of-town retail developments. Meanwhile, the city or town centre is more popular for recreational or comparison shopping. For example, 46 per cent and 66 per cent of consumers buy CDs and clothes, respectively, in the town centre. Policy makers must ensure best fit between shop locations and the nature of goods for sale.
4. **Reduce the need to travel:** The Consumer Council believes that Northern Ireland needs a clear, decisive retail planning policy that reduces the need to travel. Against this background we believe that retail planning and public transport policy should be integrated to ensure that shops are accessible to all by a choice of means of transport. Our research found that 76 per cent of those who shop at the edge-of-town and 65 per cent of those who shop in town centres uses the private car. A sizeable minority then must be catered for within walking distance or by accessing public transport.
5. **Social function:** The town centre has become the preferred choice for a day trip. Two-fifths (41 per cent) of consumers perceive the town centre to be somewhere to go for a day out compared to one-quarter (25 per cent) preferring edge-of-town retail developments. This trend has shifted from off-centre developments in 1996 (when 43 per cent considered edge-of-town retail developments to be somewhere to go for a day out compared to 31 per cent favouring town centres). Town centres must continue to compete and offer a social experience that makes their retail environment ever more attractive to consumers.
6. **Further retail development:** Future developments should be especially encouraged in areas where existing shopping provision and facilities are outdated or deficient and where such development would improve or enhance the range of shopping provision available to consumers in all areas. However, cognisance should be taken of known and future regeneration proposals. In this way we recommend an objective of sustainable, targeted and integrated development.
7. **Complementarity:** Planning policy should not be used to stifle competition or to protect existing business from the rigours of the market place. It should instead help to promote and encourage competition between businesses and also between different shopping locations. In the context of future planning policy, town centre and

edge-of-town developments should therefore be seen as providing choice for consumers and as complementary to each other.

In addition, we would wish to make the following comments on the revised PPS 5.

### **Regional Shopping Facilities**

The Consumer Council believes that this proposal should consider the impact that the Republic of Ireland has on Northern Ireland shopping, for example, cross border shopping.

### **Retail Development: The Role of Non Regional Town Centres**

The Consumer Council is concerned that PPS 5 appears too prescriptive and we strongly recommend that there should be a more liberal framework that considers the local area when planning.

### **Flexibility to reflect balance and choice**

We further believe that flexibility is needed to accommodate the principles of balance and choice. There must be some flexibility built in to the policy to allow some derogations, where needed. Against this background we disagree that most goods can be sold from town centres and that retail developments should be directed into town centres. Our evidence-based research shows that consumers choose where to shop depending on the nature of the shopping trip. We would therefore argue that best fit between shop locations and the nature of goods for sale should be practiced.

### **Plan-led developments**

The Consumer Council believes that any developments must be plan-led as the default position, except where special circumstances apply, (as PPS14 – Sustainable Development in the Countryside) rather than development-led. We strongly recommend that PPS 14 must complement PPS 5. Furthermore, we recommend that people are engaged in formulating the plan. To do so will also serve as a method of communication and education about the issues as well as contributing to better policy.

### **‘Whole Town’ approach**

A healthy, sustainable community requires infrastructure to make it function effectively. We strongly recommend that planners and developers consider the whole use of the town centre (retail, entertainment, health etc) and the challenge of changing public behaviour to prioritise sustainability.

### **Integration of function**

The Consumer Council believes that there should be a meaningful attempt to promote access and integration of function within the retailing environment. It is essential that consumers have access to services such as financial services, transport links and shops. Furthermore, it is our policy position that appearance should not be more important than the function of any development.

**Needs of consumers with disabilities or mobility difficulties**

Planning policies should ensure that planning permission will depend on adequate provision of public transport access for those with disability and mobility problems being incorporated into the proposal. Where new buildings are permitted to be built the Consumer Council believes that planners and developers should ensure that buildings are appropriate in terms of heritage and accessibility. Retaining historic frontages must not contravene accessibility for people with disabilities.

**Sustainable development**

The Consumer Council supports any commitment to ensuring that sustainability will be part of the consideration alongside other factors in deciding whether or not to proceed with a particular policy or action. We also support initiatives that take account of sustainability considerations while ensuring that decisions are both proportionate and appropriately precautionary.

Against this background the Consumer Council believes that the biggest challenge facing policy makers in Northern Ireland is changing people's behaviour to better understand the difficult choices we currently face in making best use of our retail environment.

We consider that sustainable development should be afforded a priority status and adequately resourced and monitored for effectiveness. We strongly recommend that sustainable development and its guiding principles should be integrated into policy making as soon as is practicable. Where economic, social and environmental factors conflict, the Government must decide which is most important and, for reasons of openness and transparency, explain the rationale behind its decision.

**Joined-up policy**

The Consumer Council broadly endorses the aims of the Planning Policy Statement and its efforts to integrate with other government policy. However, the Consumer Council believes that it is not sufficient to simply implement a planning policy; the Government must adopt the practice of integrated policy making which takes into account the links between land use planning, transport, and the environment.

In addition, we believe that all Government policies should, where possible, complement each other. This is particularly important, for example, with rural development policies and strategies that should complement retail developments including mini supermarkets or similar. This should serve to assist in making best value shopping accessible in otherwise inaccessible areas or areas where there are pockets of deprivation.

In the further interests of joined-up government, and given the range of Government strategies, policies and plans relevant to planning policy, it is important that there is a co-ordinated and joined up approach among the public, private and community and voluntary sectors to dealing with the range of issues that arise to ensure compatibility with each other.

**Review of Public Administration**

We believe that changes to boundaries for the new local council areas arising from the Review of Public Administration may have an effect on PPS 5.

Under the Review of Public Administration the newly reviewed local district and borough councils will have additional community planning powers. The Consumer Council anticipates that these new powers should serve to benefit consumers by virtue of urban and rural communities that are thriving, well-served, well connected, well designed and built, active, safe and inclusive.

We further believe that local circumstances should be accounted for while ensuring consistency of approach within an overall agreed framework across all councils with regard to planning policy.

**Conclusion**

The Consumer Council recommends that retail planning policy should seek to provide access, balance and choice via a modern retailing environment in Northern Ireland which consumers now and in the future demand and expect.

We further recommend that there should be high-level links between PPS 5 and other strategies being pursued in Northern Ireland, for example, the Government's New Priorities for Tackling Poverty and Social Exclusion, DoE's Sustainable Development Strategy for Northern Ireland, DRD's Regional Transportation Strategy, the Office of the First Minister and Deputy First Minister's Shared Future strategy document, and the Department for Enterprise Trade and Investment's Strategy for the Social Economy and other enterprise initiatives.

## Appendix D

### Basic Northern Ireland demographic and population profiles [extract]

#### Population

- Northern Ireland has a population which is equivalent to around 2.9 per cent of the total United Kingdom population
- Between the years 1971 and 2001 the Northern Ireland population increased by 9.4 per cent – the highest increase of any UK region
- It is estimated that the Northern Ireland population will increase by a further 4 per cent between 2001 and 2011

#### *Geographical distribution*

- 65.1 per cent of the Northern Ireland population live in Urban areas
- 34.9 per cent live in Rural areas

#### *Areas and Settlements*

- In Northern Ireland there are 392 separate Areas/Settlements of which:

	<i>Population</i>	<i>%</i>
Urban 33	1096616	65.1
Rural 359	588651	34.9

#### **Urban**

1	Belfast Metropolitan Urban Area (BMUA)	579554	34.4
1	Derry Urban Area	90736	5.4
8	Large Towns (population >18,000 each)	223884	13.3
8	Medium Towns (population 10,000 – 18,000)	100625	6.0
15	Small Towns (population 4,55 – 10,000 each)	101817	6.0

#### *Rural*

22	Intermediate Settlements (population 2,250 – 4,500 each)	65006	6.9
48	Villages (population 1,000 – 2,250 each)	68008	4.0
64	Small Villages (population 500 – 1,000 each)	44072	2.6
224	Hamlets (population <500 each)	44283	2.6
1	Open Countryside	367282	21.8

### Local Government Districts (LGDs)

- Northern Ireland has 26 Local Government Districts ranging in size from Belfast with a population of 277,391 (16.5 per cent of the Northern Ireland total) to Moyle with a population of 15,933 (0.9 per cent of the Northern Ireland total)
- The average number of persons per Local Government District is 64,817

### *Age Structure*

- Northern Ireland has the youngest population of any United Kingdom region
- 26.8 per cent of the Northern Ireland population is aged 14 and under compared to;
 

England	18.9 per cent
Wales	18.9 per cent
Scotland	17.9 per cent

### *Population Density*

- Overall, population density in Northern Ireland is 1.19 persons per hectare
- Northern Ireland population density is around half the United Kingdom average:

UK	244 (persons per square kilometre)
England	380 (persons per square kilometre)
Wales	141 (persons per square kilometre)
Scotland	65 (persons per square kilometre)
Northern Ireland	125 (persons per square kilometre)

- The most densely populated Local Government District in Northern Ireland is Belfast with 24.15 persons per hectare. The least densely populated is Fermanagh with just 0.31 persons per hectare.

## **Appendix E**

Household Expenditure: Regional Analysis. [From Family Spending: A Report on the 2004-05 Expenditure and Food Survey 2005 Edition]